

DATE OF MEETING FEBRUARY 19, 2025

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SUBJECT CANADA HOUSING INFRASTRUCTURE FUND

OVERVIEW

Purpose of Report

To advise Council and obtain a resolution for the proposed grant submission to the Canada Housing Infrastructure Fund.

Recommendation

That the Finance and Audit Committee recommend that Council approve submission of an application to the Canada Housing Infrastructure Fund for funding for the Millstone Trunk North Sewer System Project.

BACKGROUND

The Canada Housing Infrastructure Fund (CHIF) has been created to accelerate the construction and upgrading of essential infrastructure to support housing development. The \$1 billion direct delivery stream will support pressing infrastructure needs that will enable more housing.

CHIF invests in both capital and planning projects that provide infrastructure needed to support growing communities and denser neighbourhoods. Core infrastructure that enables housing includes treatment and distribution systems for drinking water, wastewater and stormwater collection (including natural infrastructure), treatment and disposal systems, and systems to process, sort, divert, and dispose of solid waste.

Actions to enable housing densification and increase supply include expanding existing system capacity to serve densifying populations, increasing system capacity through repairs and rehabilitation, and preserving functionality of systems already built to accommodate population growth.

Funding may be used for all costs direct and necessary for project implementation and typically associated with capital costs such as design, planning, construction, environmental or impact assessment, indigenous consultation or engagement activities and signage and public announcements. Eligible costs must be incurred after project approval and before September 30, 2031.

The program provides funding to a maximum of 40% of eligible costs, with the minimum project cost of \$1,000,000 and the maximum project cost of \$100,000,000.

The grant application deadline is **March 31, 2025**. Precise timelines for funding announcements are not provided by CHIF.

DISCUSSION

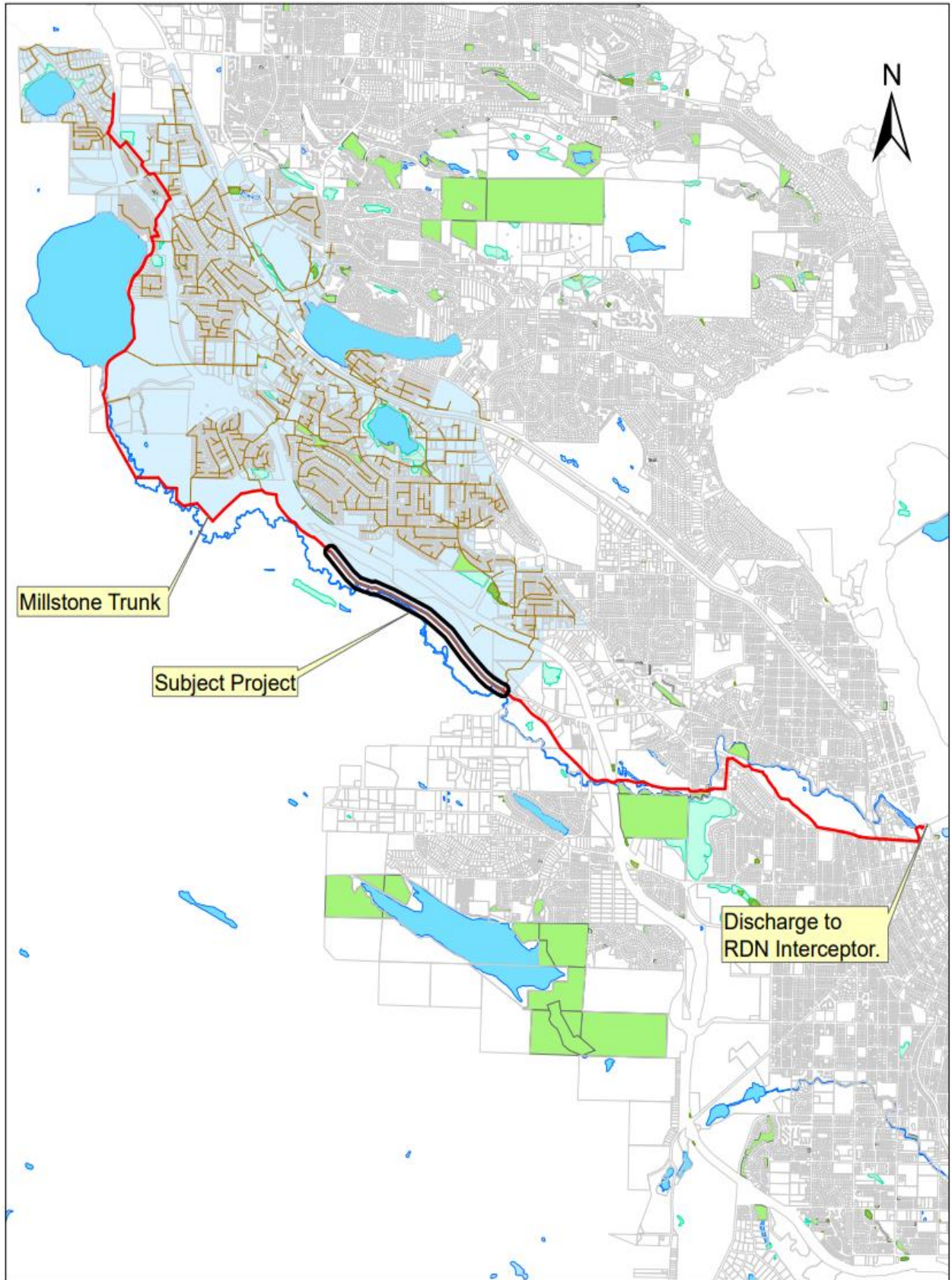
Staff believe the Millstone Trunk North Sewer System Project is the strongest candidate for an application for CHIF funding. The Millstone Trunk North Sewer System Project meets the program goal of investing in infrastructure that supports housing development, is currently scheduled in the 2025-2029 Financial Plan to be complete within the grant timelines and allows the City to maximize potential grant funding. A successful grant application will provide some relief to sewer DCC reserves.

DCC SS17 Millstone Trunk North Sewer System lies within the Millstone catchment in the central-west areas of the City and is essential for servicing about one-third of the City's population. The trunk carries wastewater in a southeasterly direction to connect with the regional sewer interceptor. This catchment area includes nearly 140 km of sewer mains, but the Millstone trunk is the most critical section.

Hydraulic studies show that during heavy rainfall, the Millstone trunk sewer system is currently over capacity, creating risks of wastewater escaping. This problem was highlighted by severe weather events in the fall of 2021. The section of the trunk between the end of Maxey Road and East Wellington is especially critical and needs to be upsized. Without these upgrades, there is a high risk of sanitary sewer flooding, which could harm the Millstone River and sensitive natural habitats.

In the mid-1990s, the City placed a development moratorium on rezonings in the Millstone sewer catchment for new development until part of the upper Millstone trunk was upgraded in 1999. If the subject section of the Millstone trunk isn't upgraded now, housing growth and development could be restricted again, and the City won't meet its housing targets.

By 2046, the population served by the Millstone trunk is expected to grow by about 3,500 people (or 2,000 housing units). Upsizing the Millstone Trunk North Sewer System will not only handle this expected growth but also leave room for more housing in the future. These upgrades are crucial to promote housing development while protecting the environment



FINANCIAL CONSIDERATIONS

The Millstone Trunk North Sewer System Project is currently part of the 2025-2029 Financial Plan with a project budget of \$5,823,000. (\$529,000 in 2026 and \$5,294,000 in 2028). If the grant application is successful, CHIF would fund up to 40% or \$2,329,200 of the total project budget, reducing other funding sources. |

OPTIONS

1. That the Finance and Audit Committee recommend that Council approve submission of an application to the Canada Housing Infrastructure Fund for funding for the Millstone Trunk North Sewer System Project.
 - The advantages of this option: A successful grant application would reduce the financial pressure on the proposed sewer upgrades and allow the existing funding to be directed to additional sewer projects allowing for more housing and less risk.
 - Financial Implications: The cost of the Millstone Trunk North Sewer System Project is \$5,823,000. If the grant application is successful, the 2025-2029 Financial Plan would be amended to include the grant funding. Any grant funding received will reduce other funding sources.

2. That the Finance and Audit Committee provide alternative direction. |

SUMMARY POINTS

- The City seeks approval to apply for funding from the Canada Housing Infrastructure Fund for the Millstone Trunk North Sewer System Project.
- The grant application deadline is March 31, 2025
- Funding announcements dates have not been determined by CHIF.

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